

Wheat, Bread, and the Role of the State in
Twentieth Century South Africa

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Abstract

Despite the vast literature on 20th century South Africa there is little that explores the way in which systems of regulation have defined agricultural development, and in particular how these systems shaped specific commodity chains. Even more scarce is work investigating the history of commodities that powerfully linked producers, consumers, and the state. This paper explores, for the first time, the subject of bread as an important commodity and one that offers several unique insights into the country's economic and political past. Bread, however, does not stand alone in this analysis, it is at the centre of a wheat to bread chain that begins with the farmer who grows the grain and ends with the consumer who buys the bread. This chain became a significant subject of political interest and control, arising initially but not exclusively out of concern for (white) commercial wheat farmers but soon extending to incorporate (predominantly black) working class consumers. Drawing on a range of primary and secondary sources this paper traces the evolution of the wheat to bread chain and the role played by the state. It is argued that extensive state control facilitated an organised drift toward monopolisation along the chain and the subsequent removal of this control, at the end of apartheid, merely entrenched monopoly power. Bread itself became the subject of regulation during World War Two and strict rationing (including the removal of white bread) contributed to the National Party's election victory in 1948, which *inter alia* promised 'white bread for a white South Africa'. Throughout apartheid the government paid an expensive, redistributive, bread subsidy that ultimately benefitted mainly black South Africans, something hardly mentioned in the historiography. Conversely, in the post-apartheid period the subsidy was terminated and the state began earning substantial tax revenue from bread sales, while a small group of elites controlled the bread supply and illegally fixed its price.

Preface

Regarding racial terminology in South Africa this paper follows the conventions used in Beinart's (2001) 'Twentieth Century South Africa'. The term 'African' is used to refer to indigenous dark-skinned, Bantu-speaking inhabitants. The group referred to as 'Coloured' includes the descendants of the Khoisan and slaves brought to the Cape by the Dutch. 'White' is a general term for people who came to South Africa from Europe, with 'Afrikaners' referring specifically to the Afrikaans-speaking descendants of those who came from Holland, France, and Germany. The term 'black' is used as a generic expression referring to both black and coloured South Africans. For ease of reading quotations in Afrikaans have been translated into English, with the original provided in the footnotes. All tables and figures have been placed in the Appendix. Regarding currency, South Africa used British pounds (£), shillings (s), and pence (d) until the declaration of a republic in May 1961, after which a new currency of rands (R) and cents (c) was introduced ($100\text{ c} = \text{R}1$). Both currencies are referred to in the paper but this is clearly noted. In cases where figures are given in real terms the Consumer Price Index (CPI) was used as the deflator.

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“The desire to eat enough plain food [...] may be called necessary. In the case of bread the necessity is twofold, since it not only does us good but is indispensable to life...” - Plato, The Republic

1 Introduction

South Africa's agricultural history can be described as a marathon of government intervention and this paper covers the period of most extensive state regulation, which began in the 1930s (enabled by the 1937 Marketing Act) and ended in the 1990s, during the closing stages of apartheid. These distinctive 'systems of regulation' profoundly altered agricultural development, yet they have received little more than general historical attention.¹ It will be argued that in the wheat to bread chain the strict control of agricultural markets fostered a powerful elite which benefitted from privileged access to state support and protection from competition through restricted market access, thus facilitating capitalist accumulation in wheat farming, grain storage, milling, and baking. The post-apartheid liberalisation, which was intended to generate a more competitive environment and break down these structures of power, served rather to cement monopoly control. This rise and fall of state regulation in the wheat to bread chain highlights a broader trend that took place in the agricultural economy during the period under review as well as a transition from a paternalistic to a more technocratic state.

Within the changing regulatory structures bread itself offers historical insight. Evidence presented in this paper proposes a more nuanced understanding of the role of (white) consumers, the initial end point in the wheat to bread chain, in the lead up to the 1948 general elections and shows how consumer concerns remained a key but increasingly complicated consideration for the National Party (NP) during apartheid. Bread became a political commodity largely because the state presided over its price, promised to provide cheap bread to the populace, and paid an expensive bread subsidy that lasted 52 years. Subsidised bread resulted in an anomalous but substantial 'hidden' transfer to blacks during apartheid, an issue that has thus far gone unnoticed in the literature. During the 1980s, beset by political crisis and economic difficulties, the state began to withdraw direct support for agriculture and gradually the bread

¹Bernstein (1996a) holds that, "issues of regulation have largely been neglected in progressive scholarship, especially as they relate to agricultural questions" (p.13), and little has been published on the subject since these remarks were made.

subsidy lost political backing as the fiscally constrained state embraced liberalising reforms. The removal of the bread subsidy, along with government price controls, occurred in 1991 and was followed by the dissolution of the state's Wheat Board and all organised marketing. This depoliticised bread to some extent and state policy under the African National Congress (ANC) moved away from directly subsidising bread in favour of income transfers to certain sections of the poor population. However, a national price-fixing scandal uncovered in 2007 highlighted the historical continuities in the wheat to bread chain, the effects of 'deregulation', and the essential position that bread occupied as a staple food in South Africa.

Overall this paper has two principal, and closely related, concerns. On one level it is a study of an agricultural commodity chain and its development through a period of regulation and a more recent and radical deregulation. This is of particular interest as it traces the way in which regulatory structures appear to have shaped the expansion of a specific chain, thus providing a more comprehensive account than has previously been given in the literature. On another level it explores the state policies that impacted on this chain over time, most notably the control of the bread price, its subsidisation, and how this played out during apartheid. In addressing these two main issues the paper develops, and in some cases challenges, several elements in the historiography, this is summarised into three main points below.

Firstly, there has been a considerable amount of work on the impact of organised agricultural marketing in South Africa. Key texts such as Marks and Rathbone (1982), Lipton (1985), Beinart (2001), and Feinstein (2005) all make mention of the introduction of the 1937 Marketing Act and increasing state control in the 1930s, while Richards (1935), Groenewald (1964, 2000), De Swardt (1983), Kirsten et al. (1994), Bayley (2000), and Vink (2012) focus explicitly on the Act and its implications up to the present day. However, none of these analyses provide a detailed historical enquiry into the effects of regulation on a single commodity chain. Bernstein (1996a, 1996b, and 2004) expertly explores the dynamics of the maize commodity chain during the liberalisation period, but the pre-1980 history is not

covered. This paper offers an historical and disaggregated account of developments in the wheat to bread chain and is able to describe more clearly the ways in which organised marketing encouraged concentration during apartheid, and how this was strengthened by the NP's liberalising reforms of the early 1990s and by the ANC after 1996. In addition, while previous work has focused almost exclusively on the benefits of organised marketing to white commercial farmers the case of the wheat to bread chain reveals that in certain respects the major beneficiaries of state control were the grain-storage cooperatives, wheat millers, and bakers, who profited in ways that eventually became extremely costly to national welfare. In this regard the paper confirms predictions made in ANC (1992), Kassier (1992), and Lipton & Lipton (1993), who warned against the potentially negative effects of deregulation. These warnings were particularly prescient in light of the bread cartel exposed in 2007.

Secondly, and related to the point above, much of the historical literature on agriculture and the state, both in the period leading up to the 1948 elections and during apartheid, focuses on the state's relationship to white farmers. This paper attempts to supplement previous work by beginning to explore the role played by consumers, and politicians looking for their support. The extensive rationing of bread that took place in South Africa during the 1940s has thus far been neglected as a factor in the NP's election victory and some evidence for this is presented here.² Issues pertaining to bread consumption continued to be important in various ways, both during and after apartheid. The intention here is not to suggest that the availability of bread, control over its price, or the existence of an expensive bread subsidy were more important political and economic issues than, say, the NP's racial labour policies or other central features of apartheid, but rather to point out the interesting ways in which bread (and the wheat to bread chain) were linked in to the political economy.

Thirdly, this paper challenges some general assumptions made in previous work

²O'Meara (1996) suggests that it was grain farmers who tipped the scales in favour of the NP in 1948 as they were unhappy with the low grain prices they received during the 1940s, but he fails to make any mention of consumer sentiment.

regarding the impact of organised marketing and the role of the apartheid state. It is often argued that one result of organised marketing was that (white) farmers were blindly favoured, which led to higher food prices for consumers.³ In the case of the wheat to bread chain this does not appear to be completely true. Domestic wheat prices only rose above the imported wheat price after 1966 and even then this was an insignificant margin until the mid-1970s. A more obvious impact of the Wheat Board's price control policies was the stabilisation of local wheat prices, from 1937 onwards. The periods in which domestic farmers did receive substantially higher prices also coincided with rising input costs due to a weakening rand and this increased production costs. Furthermore, when a wheat surplus was produced in 1988/89, as a result of a bumper crop, the Wheat Board reduced domestic prices such that they were far below import prices. Therefore during certain periods consumers benefitted from aspects of organised marketing. Furthermore, between 1937 and 1991 the bread subsidy and price controls kept the price of bread artificially low and even when prices rose in the 1980s bread remained cheaper than most other countries for which figures are available. During apartheid the major beneficiaries of this policy were poor black consumers, and the vast subsidy payments were funded by taxes from a largely white tax base.

This point is important as it suggests that the apartheid government used the inherited mechanisms of control to pay a food subsidy that favoured blacks. It is a counterexample to the wide range of evidence presented by Wylie (2005) who shows how the NP neglected black nutrition. The government's experimentation with bread fortification, in an effort to fight malnutrition among whites and blacks, is another previously unexplored example that receives attention in this paper. Indeed some of the stories Wylie (2005) recounts suggest that cheap bread may have been critical to black consumers who often struggled to afford a decent diet. This reveals that the outcomes of the apartheid government's bread policies were racially redistributive, which is surprising.

³Lipton (1985), Kassier (1992), Wylie (2005), Groenewald (2000).

To explore these issues the paper draws on a number of sources including: agricultural data, annual reports of the Wheat Board, government publications and inquiries, political pamphlets, political cartoons, newspaper articles, interviews, and various secondary sources. Approaching the topic through these sources inevitably shapes the questions that can be asked and the answers that emerge. The paper covers an extensive period in order to analyse structural and regulatory dynamics. This requires an account that is necessarily compressed, but detailed discussions are included where appropriate. In addition, the paper focuses on institutions and groups as historical actors (such as the Wheat Board, white farmers, co-operatives, millers, bakers, the state, consumers) and traces trends over time but it is acknowledged that within these groups there exist substantial differences and distinctions which are passed over. These are features that a longer and more extensive piece of work would have to acknowledge and explore. Furthermore, while international comparison may be relevant the scope of this paper is limited to South Africa.

The paper is divided into three sections, which roughly cover the pre-apartheid, apartheid, and post-apartheid periods. Section one discusses the origins of regulatory control in the wheat to bread chain, the bread rationing that was introduced by the United Party (UP) during the 1940s, and how the NP capitalised on the post-war situation by appealing to white consumers with the promise of white bread. Section two investigates the effect of the bread subsidy and price controls on bread consumption, the NP's attitude toward growing black consumption, and the gradual expansion and monopolisation of the wheat to bread chain. Section three details the dissolution of state regulation in the chain during the early 1990s, increasing monopoly control, and the reactions to cartel conduct by the country's four major bread producers including calls for the state to intervene. A final section concludes.

2 Bread in the Pre-Apartheid Period: Origins of Control

“’tis a little wonderful, and what I believe few people have thought much upon, viz. the strange multitude of little things necessary in the providing, producing, [. . .], making, and finishing this one article of bread.”

- Daniel Defoe, *Robinson Crusoe*

Planting and harvesting wheat in order to produce bread is one of the oldest branches of commercial agriculture in South Africa, beginning soon after the earliest Dutch settlers arrived at the Cape in the 17th century. From the outset wheat was a matter of ‘political’ concern. Jan Van Riebeeck was the first to receive a deputation of Cape farmers who petitioned for the price of wheat to be increased from five guilders per bushel to ten. They got seven eventually. In order to support nascent domestic production and ensure a consistent bread supply, wheat became the subject of official government protection in 1826 when controls on the import of foreign wheat and flour were announced. By 1900 the development of towns and urban centres together with increased economic activity after the discovery of diamonds and gold and the extension of transport routes created a growing market for bread. This stimulated domestic wheat cultivation, which soon stretched beyond the Western Cape into the Orange Free State, but it also increased reliance on imports and throughout the decade following Union (1910) South Africa was only producing half of the wheat it consumed. As a result strong arguments began to surface in favour of added protection for wheat farmers and millers. Several bodies submitted reports emphasising the necessity of cheap and reliable food supplies as well as the goal of promoting local economic development. Recommendations were made for import duties on wheat to be doubled and production to be expanded in order to ensure a dependable bread supply.

The government at the time was not opposed to protecting domestic agriculture

and encouraging self-sufficiency. A 1926 government report called the protection of agriculture a “necessary evil” that was required to stimulate local production and allow the local farmer and miller to “leap over a generation” in a sheltered environment (BTI, 1926:12). In addition to protection there was also a focus on encouraging cooperation among farmers to promote development. The Department of Agriculture noted in 1920 that, “At no point in the history of the co-operative movement in this country has such keen interest been displayed in the subject of agricultural cooperation as at the present time” (SA, 1920:686). For wheat farmers there were good reasons to cooperate; frequent droughts often resulted in meagre yields and prices fluctuated such that one year’s wheat price could be half that of the year before. Due to these difficulties cooperation was promoted as the wheat farmer’s “mainstay and hope” (*Ibid.*: 382). In the Western Cape, which at that time produced 80% of the country’s wheat, farmers had already been organising themselves for some time. Farmers from the major wheat-growing region of the Cape (the *Swartland*) formed a co-operative called *Wesgraan*⁴ in 1912 as an attempt to pool resources, acquire and share equipment easily, and improve sales. Some years later, in 1920, they went on to establish a milling company, which would mill members’ wheat and give farmers some control over their product and its price once it had left the farm gate. The milling company, *Bokomo*⁵, was the first of its kind in South Africa.

In 1930 the Government passed an Act restricting the importation of wheat and in 1931 another Act restricting the importation of meal and flour. These measures helped to encourage local production, which had averaged around 200 000 tons per year since 1921 and increased to an average of more than double this figure between 1931 and 1936 (Abstract of Agricultural Statistics, 1958). However, wheat farmers remained unhappy with low, fluctuating prices which many believed were a result of market speculation. At the end of 1930 the farmers involved with *Wesgraan* and *Bokomo* established *Sasko*⁶, a central marketing co-operative that would attempt

⁴ *Westelike Graanboeren Ko-operatiewe Vereniging.*

⁵ *De Boeren Ko-operatiewe Molen Maatschappij Beperk.*

⁶ *Suid-Afrikaanse Sentrale Ko-operatiewe Graanmaatskappy Beperk.*

to sell wheat throughout South Africa and help to stabilize the wheat price and consolidate production. However, Sasko was unable to effectively stabilize the price against fluctuating import prices and unpredictable domestic yields. Wheat farmers continued to push for more state support in the face of bad droughts and falling prices in the early 1930s. Their efforts were rewarded by the establishment of the Wheat Industry Control Board (The Wheat Board) in 1935, which was set up to actively control the importation of wheat and flour in the interests of domestic producers. However, the culmination of these various piecemeal increases in regulation and state protection was the passing of the 1937 Marketing Act, one of the most controversial and far-reaching pieces of legislation in South African agricultural history.⁷ The Act extended to virtually all aspects of agriculture with varying degrees of influence. By 1976 23 marketing boards presided over more than 90% of South Africa's agricultural output (Kirsten et al., 1994) and the Marketing Act was later called the "Magna Carta of agriculture in South Africa" (SA, 1991:10392). The Act enabled the Wheat Board to take sole authority over the wheat to bread chain. Beginning in 1938 the Board controlled the import and export of wheat and wheaten products; prohibited the sale of wheat to any person other than the Board and its agents; prohibited the sale of wheat, flour, and bread for prices other than those fixed by the Board; enforced restricted registration of millers and bakers, and even regulated the size of bakers' ovens. This was the most comprehensive control over any production chain in the country's history and lasted 59 years.

South Africa was, however, not alone in these new developments; the 1930s were a period of increased statutory intervention in agriculture for many other countries around the world.⁸ State involvement came largely as a response to the Depression, as well as droughts in the US, Australia, and Africa (Vink, 2012). The arguments for greater regulation and control were premised on the need to provide support and

⁷The history and impact of the 1937 Marketing Act has been the subject of long-standing debate, which will not be rehearsed here. See Richards (1935), Viljoen (1938), Tinley (1940), Samuels (1947), De Swardt (1983, 1962), Kassier (1992), Groenewald (1964, 2000), Bayley (2000), and Vink (2012).

⁸South Africa's Marketing Act was inspired by similar legislation that had been passed in England and Holland (De Swardt, 1983).

stabilisation to an essential industry in times of economic crisis. In South Africa ‘poor whiteism’ was also a colossal issue during the interwar period and the state wanted to not only ensure that agricultural livelihoods were sustained but also that a cheap staple was available. The Carnegie Commission (1932) identified one in six whites as ‘very poor’ and the centrality of poor whiteism is made clear in Macmillan (1930). Moreover, in South Africa the view was widespread that the wheat to bread chain was inefficient and wasteful as a result of poor coordination and harmful competition, and that volatile prices were a result of traders speculating in an uncontrolled market (De Swardt, 1962). A single, central, organising body that could ‘rationalise’ the chain was seen as the solution to the coordination problem and it was believed that the setting of prices could be effectively undertaken by “a small body of responsible men equipped for the task and in possession of all the statistical facts necessary to determine a fair price justified by the circumstances of the day” i.e. the Wheat Board (De Swardt, 1983:17). The overarching concern for national welfare, which was to be achieved through the extension of state control, during this period, is striking.

Under the careful watch of the Wheat Board farmers would now receive a set price for their produce, millers would charge a fixed fee, and the Board would ensure that bakers (who formed a critical piece of the chain) produced a ‘nutritious and affordable’ loaf. A 1939 report on the baking industry criticised the previously ‘chaotic’ state of affairs saying that, “the mushroom baker, the in-and-out baker, the underground baker and others producing bread solely for their own gain, under the most unhygienic conditions, with little or no sense of real responsibility for the community, are some of the types of bakers who [... found] their way into the baking trade as a result of the lack of proper control (BTI, 1939: 25).” Overall the Wheat Board saw its task as being to “protect not only the farmer, the miller and the baker, but also the consumer” (Wheat Board, 1938:6).

The Board fixed the price of wheat, flour, and bread for the first time in 1939, and in order to keep the bread price at its pre-war level a subsidy was given to wheat farmers as compensation for the rising input costs after the outbreak of World War

Two. The official rationale for the initial subsidy was threefold: promoting domestic agriculture, ensuring constant prices for consumers, and providing a low cost staple food for nutritional reasons. In addition it was hoped that a low bread price would help to avoid inflationary pressure. In 1940 input costs for farmers continued to rise and the subsidy was doubled, it rose from 1 shilling (s) per bag of wheat to 2s, and totalled £393 542, with the Government now bearing half of the cost (Wheat Board, 1941). In addition to the subsidy, and despite the fact that for the previous three years South Africa had produced over 90% of the wheat it consumed, the government also began to introduce consumption rationing to avoid possible bread shortages (Agricultural Census, 1958). White bread was officially withdrawn from production on the 5th of May 1941, and the so-called 'standard' (or wartime) loaf announced. This standard loaf was coarser and darker than a traditional brown or whole-wheat loaf and was made using a high extraction rate, which meant that more loaves of bread could be produced from a given amount of wheat. For the next seven years this was the only bread available in South Africa and at a price of six pence for a loaf roughly 300 million loaves were sold each year (Wheat Board, 1948).

Many South Africans were unhappy with this state of affairs, especially white Afrikaners who did not support the country's involvement in the war. However, to make matters worse, after the war had ended the government introduced additional restrictions on the consumption of bread and other wheaten products. The new restrictions came as a result of recommendations made by experts from the British Ministry of Food aimed to secure the most efficient distribution of essential foods in South Africa (SA, 1946). Bread Rationing had recently commenced in the United Kingdom and remained in force there for two years (1946-48). Given that bread had not been rationed during the war this measure was seen as the height of austerity. The Conservatives vehemently opposed it, and Winston Churchill called it "one of the gravest announcements that I have ever heard made in the House [of Commons] in the time of peace" (The Guardian, 1946). In South Africa rationing became particularly severe. The sieving of meal types 1 and 2 was forbidden, thus no biscuits or cakes

could be made, and even doing this at home was outlawed. Hotels were forbidden to serve toast, and the government began rationing bread consumption in urban areas by limiting individuals' daily purchases to eight ounces of bread or six ounces of wheatmeal (Wheat Board, 1946). The press, radio and films were used to urge consumers to reduce wheat consumption and avoid wastage (Tinley, 1954). Toward the end of 1946 the government prohibited the use of bread between 3pm and 4am and outlawed the sale of all bread on Wednesdays – calling for 'bread free Wednesdays' throughout the country (Stultz, 1974).

Discontent over this strict and drawn-out rationing of 'the staff of life' coincided with other anxieties regarding the government's role and its responsibility toward white South Africans. In particular many whites in the cities were concerned about the growing influx of black workers into urban centres, as were farmers who faced labour shortages and depressed agricultural prices. For many whites the UP government was "too liberal" (Beinart, 2001:137). While broader issues such as these were of concern to different sections of the white population, virtually every white South African was affected by the severe restrictions on their staple food.⁹ Still, in order to keep the standard loaf affordable amidst high food prices and falling white real wages the bread subsidy continued throughout this period. Unsurprisingly wheat consumption remained low and constant, only to begin rising (rapidly) once the NP came to power in 1948.

In 1938 the NP had campaigned on a platform that championed consumer welfare as a central concern; their election manifesto promised supporters "a thorough investigation into the rise in cost of living" (NP, 1938:5) and assured voters that the party would safeguard consumer interests as well as provide active and rigorous protection and assistance to the farming industry. The poor whiteism that was a concern in the 1930s remained a live issue during the 1940s and one that NP took seriously. In the run-up to the 1948 general election the NP published a political brochure called "The

⁹In addition to being scarce, the wartime loaf was infamously unpalatable. Describing its coarse texture one Member of Parliament (MP) remarked that, "When one rolls it in one's hands one could make a cricket ball of it" (SA, 1948a:824).

Worker's True Friend – The National Party"¹⁰(NP, 1948), again seeking to represent white workers' and consumers' interests. The brochure's slogan was, "Vote National. Protect The Worker"¹¹(*Ibid.*). But how exactly did the NP intend to care for the worker? In addition to the central apartheid promise involving the protection of white jobs, which was to be made good in the 1950s, a pamphlet published after the NP had won its marginal victory was more explicit regarding consumer protection. It said: "The National Party takes care of the worker. Here is the proof: There is bread, white bread, brown bread, that takes care of the worker's health. To keep the price of bread low for our workers the National Party pays a subsidy out of State funds"¹² (quoted in SA, 1948a: 358). The provision of bread is particularly relevant when one notes that poverty was a living memory (or a contemporary fact) for a substantial number of voters in 1948 (O'Meara, 1996).

Drawing on letters written to two major Afrikaans newspapers¹³ during the six months that preceded the 1948 elections Giliomee (2003) found that in addition to a general perception that the UP discriminated against Afrikaners, the issue of food shortages and rationing were of central importance. Bread was a simple issue that spoke to everyone, and a sketch by the political cartoonist Abe Berry illustrates the NP's promise of 'white bread for a white South Africa' (Figure 1). Reflecting on the mind-set of voters during this period Cillié (1990) opines that, "Common people are interested in and understand small and everyday things. Large concepts like black nation states are on the periphery of their consciousness [...]. Give them things that are small but also important to them, and they also buy the large things in theory (p. 70)." Consumer rationing was just such a 'small but also important' thing. Bringing back white bread appears to have been a relatively easy and effective means of appealing to the white working class vote and, in addition to the arguments made above, data on bread sales support the notion that it was a pertinent one. A total

¹⁰*Die Werker's se Ware Vriend – Die Nasionale Party'*

¹¹*Stem Nasionaal. Beskerm Die Werker'*

¹²*'Die Nasionale Regering sorg vir die werker. Hier is die bewyse: Daar is brood, witbrood, bruinbrood wat die gesondheid bevonder. Om die prys van brood vir ons werkers laag to hou betaal die Nasionale Party 'n subsidie uit die Staatskas.'*

¹³*Die Burger, and Die Transvaler.*

of 360 million loaves were bought in the 1948/9-year (20% more than the previous year) and 90% of the bread sold was the resurrected white loaf, selling for one pence more than its brown equivalent (Wheat Board, 1949).

Behind the production of bread itself, further back along the wheat to bread commodity chain, other subtle changes were taking place during the 1940s as the Marketing Act began to take effect. Bakers, millers, co-operatives that stored the wheat, and wheat farmers all operated in a new environment. The Wheat Board guaranteed farmers a fixed price at the beginning of each season, calculated on a 'cost-plus' basis that took account of production costs and added what was considered to be a fair margin. Farmers could anticipate at the time of planting what the price for their harvest would be, thus eliminating price risks and leaving only production risks. In addition, once their crop was harvested there were no marketing concerns, they delivered their wheat to a local co-operative that had been appointed as an agent of the Wheat Board and received their payment. Similar practices were not unusual elsewhere in Africa where agricultural marketing boards existed. However, Bates (1981) shows that marketing boards in both East and West Africa used their powers of control to effectively impose a tax on domestic agriculture. The major function of these boards was to maintain low food prices in order to appease their industrial sectors and the urban population, which was generally seen as more volatile. This meant forcing farmers to accept artificially low prices for their products and thus, surprisingly, it was the farmers who suffered as a result of control.

In South Africa this was not the case, the Wheat Board increasingly assisted farmers by guaranteeing stable and profitable prices, especially during apartheid. One of the major criticisms leveled against the Marketing Act at the time by Groenewald (1964) and by Kassier (1992), Groenewald (2000), and Vink (2012) in retrospective surveys, was that farmers received above-market prices for their goods as a result of organized marketing. However the price data presented in Table 1 along with further evidence in chapter two, challenges this criticism. For the most part domestic prices were profitable but not extremely high. A more substantial criticism of the

role played by the Wheat Board was that it created an environment which strengthened monopoly power in the milling and baking industries, most clearly through the application of restrictive registration. In the interest of greater efficiency the Board began closing down smaller mills and consolidating the milling industry around urban centres in the late 1940s.¹⁴ This extended into the baking industry where the Wheat Board favoured a few large bakeries over many smaller units. In early 1948 a debate in parliament addressed this issue: “Some years ago the Wheat Board decided that the existing capacity of ovens in the baking industry was all that was needed [...]. The result of this is that we find all the small bakers are being bought up by the big milling companies. The big milling companies are holding a monopoly, not only in milling but they have a monopoly in the baking trade as well, and it is impossible for any small man to increase the capacity of his ovens. He is not permitted to do so! (SA, 1948b: 5722).” The tendency toward monopoly throughout the wheat to bread chain continued after the NP came to power and although critics of the Marketing Act such as Richards (1935) had predicted this effect official support for it remained unchanged.

O’Meara (1996: 37) suggests that the course of South African history would have been different if Jan Smuts had raised the price of maize in early 1948 to placate frustrated maize farmers and maintain a crucial farming constituency. Perhaps it also would have been different if he had done something about bread. Thus far only anecdotal evidence exists on the NP’s appeals to consumers and workers using a promise of white bread and the removal of wartime consumption restrictions. This chapter suggests that the impact of these promises may have been important. A speaker in the House of Assembly made the point simply in 1951: “When this government [the NP] came into power in 1948, one of the promises in their election platform was a promise of white bread for the electorate. That promise of white bread was a factor

¹⁴During a House of Assembly debate a member of the UP from the Western Cape complained that as a result of the Wheat Board’s activities, “The shares of milling concerns are rising enormously, they are making huge profits and closing down small mills everywhere (SA, 1947:5722)”.

in facilitating their success in that election (SA, 1951:786).” As this paper will go on to argue, the NP’s paternalistic policies and their enthusiastic application of the Marketing Act had unforeseen side effects. Their increasing use of the Wheat Board and other measures to protect and support white commercial wheat farmers, while at the same time trying to satisfy white consumers, favoured the progressive concentration of power along the wheat to bread chain and saddled the new government with the increasingly unsustainable burden of the bread subsidy. The NP positioned itself as ‘the keeper of the bread’¹⁵ and soon millions of black South Africans were enjoying the ‘cheapest bread in the world’, and as consumption rose so did the cost of the subsidy.

¹⁵The modern English word ‘Lord’ still carries its political history with it, deriving from the Old English title ‘hlaford’ – “the keeper of the bread”.

3 Apartheid: *Die Wittebroodsdae*¹⁶

“The hon. member says that we made fine promises to the people in connection with white bread etc. We promised them a white civilisation [and] I just want to say to the hon. member that he can expect a completely white policy from this side.”

- Minister of Agriculture and Forestry, 1951

“Five years ago the government crawled onto those benches on the cry of “White Bread” and it has since maintained that position. Now it proposes to take two pence on the white loaf and one penny on the other without any consideration for the almost nine million whose staple food it is.”

- UP MP, 1953

In October of 1948 the Minister of Agriculture proudly revealed a specimen of the new white loaf to the House of Assembly amidst a rousing round of applause. He introduced it to the country on the 1st of November and repealed all wartime restrictions in connection with the sale of bread and flour. As a result bread consumption shot up. Having consistently averaged at just over 400 000 tons per year for the previous 12 years the country’s consumption of wheat rose to over 600 000 tons in 1948/9, and continued to grow (Figure 2). Given the flourish in consumption the first bread subsidy that the NP paid was three times larger than the year before and accounted for nearly two-thirds of the annual agricultural subsidies under the Marketing Act. Figure 3 plots the bread subsidy against total agricultural subsidies paid during the apartheid period and the significance of bread as a fiscal priority is clearly evident throughout. This has barely been noticed in the historiography. Funded almost entirely by the state this government provision of bread remained a source of political

¹⁶Literally, ‘The Days of White Bread’. The term *Wittebroodsdae* is synonymous with the concept of ‘honeymoon’. An early translation of the word is from the Dutch *wittebrood* (1500 – 1525) “something wonderful and expensive or luxurious”, or “festival bread made of white flour, milk and eggs, for a wedding” (Woordeboek, 2008). In this sense the word reflects an important aspect of the 1950s and 1960s, one of white prosperity and a honeymoon period for the NP after their election victory, which some saw as a blessing from God (Giliomee, 2003).

capital long after the NP's initial victory.¹⁷ In 1953 a political publication released by the NP entitled 'Fruits of the National Regime' outlined what the government had achieved in five years, reinforcing their solicitous attitude toward consumers. It underlined that of the government's priorities, "National nutrition must be priority number one" (Malan, 1953:26), and emphasized that, "No government ever spent so much money in order to reduce costs to the consumer" (*Ibid.*:7). The publication also reminded readers that the NP was intent on pursuing a policy, which, "assures economic prices for farmers' produce, and brings agricultural products to the consumer at reasonable prices" (*Ibid.*:31). This gives some sense of how NP policy was tied to the haunting shadow of poor whiteism. It was this balancing act, however, that proved unsustainable in the long run.

For many South Africans there was more to white bread than just a staple food, especially following the extended rationing endured during the 1940s. White bread represented luxury, something available in times of plenty, and was proof that the new government cared about (white) consumers' basic needs.¹⁸ For most black South Africans bread was a novelty, initially seen as another one of the "white man's things" (Abrahams, 1946:63), it was something eaten by whites and only a few urban blacks. This soon began to change. By 1946 there was an African majority in South Africa's urban centres, and while the remarkable increase in bread consumption after 1948 was largely due to the removal of restrictions, an increasingly significant factor over time was the growing consumption of bread by blacks, which, although most evident in the urban areas was not confined to them entirely (Fox, 1954). A study carried out by Smit (1950) on 2,561 black families dispersed over the country in 20 urban localities indicated that the average consumption of wheat in the form of bread had reached over half a pound per person daily. This emerging preference for bread may have been assisted by the rising cost of maize meal and the convenience of a food that was both portable and ready to eat, requiring neither fuel nor cooking time.

¹⁷The structure of the subsidy also changed, it was no longer paid to farmers but to millers and bakers and then later only to bakers.

¹⁸A much smaller government subsidy was also paid on maize (the major black staple) but this subsidy went to the producers and the final selling price of maize was never controlled.

It was also the bread subsidy that made this new habit possible, and Moll (1983) calculates that between 1947 and 1960 the bread subsidy amounted to 3.5% of the national budget.

The NP's reaction to the fast increasing consumption of bread, especially by black South Africans, was mixed. On one hand sections of the government tried to ensure that bread was kept affordable and available for the entire population. The creation of an enriched loaf, which will be discussed shortly, is one example of the government's concern for the welfare of all poor South Africans, as is the continued payment of the subsidy despite the fact that it was expensive and that the black working class was soon consuming the most bread. Table 2 illustrates that white taxpayers were by far the largest tax base and thus state expenditure on bread can be seen as redistributive. On the other hand, if it were feasible, sections of the NP would have terminated the bread subsidy much sooner and thus prevented a substantial portion of the black population from developing the habit of eating bread instead of maize. The latter option was, however, not politically feasible. Bread was the staple of the NP's rapidly urbanising constituency and a low bread price also supported the domestic wheat to bread chain, specifically white commercial farmers who were an important NP power base (Lipton, 1985). These considerations made any reduction in the subsidy and any increase in the bread price difficult. In addition, the government's goal of trying to promote domestic food production combined with the provision of a cheap staple good was at the same time a step toward self-sufficiency as well as an essential prerequisite for economic, political and social stability.

The feeling among certain NP members that it was unfortunate to see a growing habit of bread eating among blacks was clearly expressed in a parliamentary discussion where a member of the Wheat Board explained the 'dilemma' facing the government. He said: "In the past it was most unusual for the Natives to eat bread, but nowadays one sees every Native walking with a loaf under his arm. This indicates prosperity and advancement because those Natives who formerly ate mielie (maize) porridge are now eating white bread. But the result is that we have to provide mil-

lions of pounds in subsidies to provide them with this bread (SA, 1953:1228).” There is no doubt that the subsidy was expensive. In 1951 the Wheat Board recommended that the subsidy be decreased or removed on the grounds that it was a costly ‘wartime measure’ and an unnecessary burden. However, the financial cost was not the only concern. In 1953 the Minister of Finance, Nicolaas Havenga, proposed an increase in the price of white and brown bread, this proposal drew extensive criticism but an interesting defence was offered. They argued that the doubling of wheat consumption over the previous five years had come as a result of the black population beginning to enjoy access to the ‘cheapest bread in the world’. According to the Minister of Agriculture this was not the intended apartheid vision and he recommended that the government should “bring it home to the non-European that mealie porridge is his national diet and that he must make use of it [. . .] if this budget can bring them (the Natives) back to mielie porridge, the Minister will have done a good thing increasing the price of bread (*Ibid.*:472).” Diet was yet another factor separating the ‘civilised’ and the ‘savage’.

For others in South Africa an increase in the bread price was seen as an attack on the poor and a betrayal of the consumer-friendly policies promised by the NP. The second opening quote by a UP MP expresses this reaction. If the price of bread rose there was no one to blame but the government - they promised cheap bread and they set the price. In 1953 the opposition to the proposed price hike was extremely passionate, both inside and outside parliament. An MP from the UP challenged the Finance Minister’s proposal reporting that, “The country wants to know why it has been necessary to increase the price of bread. It is now coming alive to the situation (*Ibid.*:557).” Also entering the debate Helen Suzman, for many years the lone representative in Parliament of the liberal opposition Progressive Party (PP), argued that, “Bread to the poor is not simply an item of diet, it is quite obviously a major part of the staple diet of the poor. It is an essential commodity. You are putting up the price of bread and forcing them (black South Africans) to carry the whole economy on their backs” (*Ibid.*:659).” The view was widespread that the government

had a responsibility not only to the poor but that a fundamental foodstuff such as bread warranted special attention. As a result of the protests against his plan Havenga relented and the 1953 price increases were abandoned. This suggests that perhaps the government feared losing white votes at a time when they still had a small majority; it was only 20 years later that the NP would significantly increase the price of bread. The episode re-emphasised the political position that bread occupied in South Africa. It also revealed the sentiment that bread (white bread in particular) was seen as the food of whites and should remain so, funding black consumption was both expensive and unnecessary, the government's mandate was to create and look after a 'white civilisation'. There were, however, important indications that others in government were concerned about the wellbeing of all consumers, white and black.

Since the 1920s various investigations into the health of South Africans reported on the extent of malnutrition within the black population and also among some poor whites. The Minister of Health after 1948, Dr Karl Bremer, was intent on finding solutions that would combat malnutrition. Malnutrition was also believed to be contributing to Tuberculosis, mostly among black South Africans (Malan, 1953; Packard, 1989). Bremer sought part of the solution in a national bread fortification scheme, which involved the addition of various nutrients to the brown government loaf as an attempt to provide households with a more nourishing staple. The result of this initiative was the so-called 'enriched loaf', which premiered in 1953 and became widely known as 'Bremer bread'. A loaf of Bremer bread was made by adding a number of ingredients to the standard brown loaf such as: groundnut meal, buttermilk powder, skimmed milk powder, and calcium carbonate. This was paid for by the state and delivered by the Department of Agriculture in pre-mixed packages to all registered bakeries around the country. It immediately replaced the standard brown loaf in state school feeding schemes as well as in hospitals and prisons, which made up a large proportion of consumption.¹⁹ To the public Bremer bread initially sold at the same price as a brown loaf but was soon decreased by 1/2d to encourage

¹⁹In 1955 30% of total bread consumption was the new enriched loaf (Wheat Board, 1956).

consumption by the poorer classes. A survey by the National Nutrition Research Institute (NNRI) in 1954 suggested that ‘natives’ and ‘coloureds’, who made up the majority of the poorer classes, were eating proportionally more enriched bread than whites – possibly due to its lower price (Fox, 1954).

Later reports and the general public perception were not as positive as the NNRI’s initial observations. In a speech by Mr W. M. Eiselen, the secretary of the Department of Bantu Administration and Development, he reported that, “according to a recent survey, for every loaf of enriched bread bought by the urban Bantu, 5 loaves of white bread are purchased by them” (W.M. Eiselen, 1956:102).” This view was echoed by various newspaper reports and discussions in parliament. An article on Bremer bread in the *Cape Times* reported that, “The Natives, many of whom make a staple diet of bread, are calling the fortified bread “apartheid bread” and believe that because it is being boosted by the government it is something of inferior quality made especially for non-Europeans (1953).” An NP MP concluded that the reason blacks tended not to prefer the enriched loaf was because, “The natives do not eat brown bread, they eat white bread [and] the moment you add anything foreign to our bread the Natives will not have it (SA, 1955:763).” Discussions in Parliament referred to the enrichment program as a waste of time and money. Two separate studies on the nutritional value of Bremer bread conducted by the Department of Nutrition reported that they could find no significant nutritional benefit when enriched bread was compared to the standard brown loaf (SA, 1959). Thus, aside from suggestions that Bremer bread was unpopular for various social and political reasons, it was now unclear to policymakers whether it offered any nutritional benefits whatsoever. After spending approximately four million pounds on the scheme Bremer bread was discontinued in 1959 leaving South Africans again with the regular white and brown government loaves (Wheat Board, 1959).

Consumption and production of wheat continued on an upward trend after 1960, despite year-on-year production fluctuating due to weather conditions. Figure 4 plots a graph of the difference between consumption and production over time and the data

shows that South Africa was virtually self-sufficient in wheat for about 25 years, from 1964-89. The first million-ton harvest was in 1964. For wheat farmers increased mechanisation, higher yields, and larger more efficient farms all contributed to the growth in production. Small farms were quickly absorbed into larger ones. Figure 5 shows the number of farming units, which fell from over 120 000 in 1950 to 61 000 in 1983, while the total farmland area remained constant. However, farmers did not achieve this boom in production alone. They were assisted by low-interest loans from the Land Bank and other forms of government support, while the Wheat Board guaranteed stable prices and began to pay farmers 'above market', prices for their wheat most notably after 1976. Figure 6 charts the South African producer price (P_p) alongside the price paid for imported wheat (P_i) over the apartheid period. To distil this information more clearly Figure 7 calculates a National Rate of Assistance (NRA) using the simple price formula $[(P_p - P_i)/P_i]$. It is clear that over certain periods South African farmers were paid a premium on their wheat, relative to the world price and this may have encouraged domestic production.

At the same time economies of scale, concentration and monopoly power grew along the chain. Mechanisation increased not only in farming but also in grain storage, milling, and baking. Farmer-owned co-operatives were becoming increasingly powerful. As sole agents of the Wheat Board they handled virtually all of South Africa's wheat and were also beneficiaries of a government scheme to increase the country's storage capacity, which provided them with new, heavily subsidised grain silos. Wheat was no longer collected in bags but transported in large storage vehicles that took grain from farms to the local co-operative silos where it was graded, stored, and sold on to millers. In the milling industry the number of wheat mills dropped from 120 in 1951 to just 66 in 1974, this despite the rapid growth in wheat production (SA, 1985). Resembling the trend in farming, wheat mills were becoming fewer and larger. By 1985 there were only 50 registered wheat mills in South Africa, 31 of these belonging to six milling groups that together milled 98% of all wheat (*Ibid.*). In 1976 a government inquiry into the Marketing Act was commissioned and while the report

supported the continuation of controlled marketing it alluded to the worrying side effects of the Act, particularly the ability of the Wheat Board to restrict the number of wheat millers and bakers. Of the wheat milling industry it was noted that, “A single organisation already controls some of the biggest wheat mills in South Africa, and in view of the implications of this, the commission would like to warn against overly restrictive registration” (SA, 1976:40). Concentration was also observed in the baking industry, where the number of urban bakeries decreased from 200 in 1941 to 104 in 1971 and the same commission observed that, “bakers themselves have made a major contribution to rationalisation by buying out bakeries and combining smaller bakeries into bigger and more viable units (*Ibid.*)” By 1985 six groups baked 90% of South Africa’s bread and as the most important outlet of millers’ products millers bought shares in some of the largest commercial bakeries (SA, 1985).

The Wheat Board continued to oversee the functioning of the entire wheat to bread chain and manage the bread subsidy, with no change in restrictive registration for millers and bakers. A team of inspectors were employed to ensure that wheat was milled and graded correctly, and that bread was baked to set standards by registered bakers and not sold at any price other than that set by the Government. However, the Wheat Board itself was experiencing concentration of a slightly different kind. In several other organs of the apartheid state members of the *Afrikaner Broederbond*, a powerful secret society, took up influential positions in the civil service. According to O’Meara (1977) “the Bond [...] exerted a profound influence at all levels of South African politics” (p. 156).²⁰ This was ostensibly the case in the South African Agricultural Union (Butler, 1998) and also appears to have been the case in the organisation controlling the wheat industry, namely the Wheat Board.

From the Wheat Board’s annual reports it is possible to obtain a list of its members and advisors for each year. Checking these names against a list of known *Broederbond* members published by Wilkins and Strydom (1980) it is fairly straightforward to track the number of *Broederbond* members involved with the Wheat Board

²⁰Wilkins and Strydom (1980) and Bloomberg (1990) discuss the development and influence of the *Broederbond* in detail.

over time. This exercise reveals that in the 1940s, out of the 14 members and six advisors, there were at most three *Broederbond* members on the Wheat Board at any one time. By 1980 the number had increased to over half of all members and advisors. This goes some way to show that during apartheid the Wheat Board was no longer just a tool for economic ‘rationalisation’, it almost certainly played a role in the protection of white (largely Afrikaner) commercial farmers, who held a consistent majority on the Board, as well as having some influence on the monopolisation of power along the wheat to bread chain.

Two of the NP’s major objectives with regard to agriculture were to provide state support to farmers (an important political constituency) and at the same time provide for consumers. For some time the overall situation appeared salubrious. The NP was fruitfully advancing the interests of white commercial agriculture, including wheat farmers, and it was also taking care of consumers’ needs by subsidising and stabilising the production of major staple products like bread. The country became virtually self-sufficient in wheat after 1960, a relatively efficient wheat to bread chain had developed (overseen by the Wheat Board), and an affordable loaf was available to a large portion of the population. Nevertheless, this came at a high price. The cost of production subsidies, infrastructure for agriculture (railways, roads, grain silos and dams), low-interest loans for farmers, and the bread subsidy were all expensive policies. The NP also began to face greater financial pressure from a wide range of apartheid related issues including: the cost of policing a growing internal black opposition, an expensive homelands policy, the push toward self-sufficiency extending beyond agriculture to include numerous state-funded organisations (SASOL, ISCOR, ESKOM, ARMSCOR, MOSSGAS, and FOSKOR)²¹, and increasing conflict with neighbouring states which forced greater spending on the Defence Force (Marais, 2011). The economy, which had boomed during the 1960s, became sluggish after the oil shocks of 1972. In addition, the political constituency of the NP had shifted

²¹SASOL - South African Coal and Oil; ISCOR – Iron and Steel Corporation; ESKOM – Electrical Supply Commission; ARMSCOR – Armaments Corporation of South Africa; MOSSGAS – Mossel Bay Gas (Corporation); FOSKOR – Phosphate Development Corporation.

over time; with farmers no longer as powerful as they once were and the NP base increasingly consisting of urban, white middle class, Afrikaners (O'Meara, 1996). Agriculture contributed a decreasing percentage of the country's GDP and by the 1980s it commanded diminishing political support as a fiscally constrained state began to stagger beneath the burden of rising costs.

Under this growing financial pressure the government began to increase the price of white bread in the early 1970s after having held it constant for over 20 years. The bread price rose annually in a staggered fashion at first and then more consistently as the years wore on. At the same time the price of brown bread was reduced. The NP was attempting to encourage consumption of healthier brown bread over the favoured white loaf while also decreasing the cost of the subsidy. These price shifts can be seen in Figure 8: the real price of white bread rose in the 1970s while the price of brown bread fell. The strategy of shifting consumers toward brown bread worked. Table 3 illustrates the change in per capita consumption of white and brown bread. Total per capita consumption grew from 23,2kg in 1948 to 47kg in 1980, a compound growth rate of 2.5% per annum, and the composition of consumption also changed. White bread shifted from making up over 90% of all bread consumed in 1948 to accounting for less than 30% in 1981, with the major shift occurring in the 1970s. By 1978 approximately 1 850 million loaves of bread were being consumed annually, and 72% of this consumption was by black households (SA, 1985). However, for many households the move to brown bread was not purely out of choice but driven by necessity: it was often found that, "where money is available white bread is preferred to brown (Walker, 1975:1162)."

The NP's decision to begin increasing the price of white bread in 1970 and then later the price of brown bread in 1980 provoked public protest and political response. The *Rand Daily Mail* condemned the initial price increases saying that, "The increase in bread prices and decrease in the government subsidy comes as a shock to the consumer and is a disgrace to the Government" (1976). In parliament one critic expressed the general opinion well: "One would have expected that a civilised gov-

ernment would have attempted to make basic foodstuffs available to the consumer at a reasonable price. Bread is in a special category and the normal cost factors alone cannot determine the price at which it is sold. Normally it is said that a government gives with one hand and takes with the other, but that cannot be said of this government. This government grabs with both hands (1976:4812).” In the NP’s defence the Minister of Agriculture and various NP MPs noted that bread in South Africa was still the cheapest in the world. The *Landbouweekblad* investigated this often-repeated claim and reported that in fact it appeared to be true, although the countries chosen for comparison are telling. Considered in terms of the South African currency, in 1976 a 900 gram loaf of bread cost 30 cents in Buenos Aires, 31 cents in London, 44 cents in Ottawa, 54 cents in Canberra, 65 cents in Tokyo, 67 cents in Washington, 88 cents in Bonn, R1, 09 in Stockholm and R1, 12 in Paris (1976). In South Africa it cost 25 cents for a white loaf and 16 cents for a brown loaf (Wheat Board, 1977).

Price increases continued in the face of strong criticism and soon brown and white bread prices were rising every year.²² Calling for the government to prevent further increases the *Rand Daily Mail* reasoned that, “It (bread) is the staff of life and is so important that its price demands extraordinary government attention. To increase the price further would be to inflict unnecessary hardship on millions of South Africans, and could add dangerously to social tensions (1979)”. The Minister of Finance acknowledged that increasing the price of bread was a sensitive matter saying, “there will be an outcry [as] it affects the poor man, the factory worker in Langa, Nyanga, and Soweto”, but that, “with the financial situation the way it is the State cannot be expected to carry the burden alone (quoted in *The Star*, 1978).” For a short period between 1976 and 1979 the bread subsidy had been rapidly decreased and many newspapers and parliamentarians argued that there was no good reason for this. According to them food subsidies were necessary until black wages became more realistic. *The Star* (1978) pointed out that there was, “a rider to the Minister’s claim about South Africa having the cheapest bread in the world... it is produced

²²Figure 10 is a newspaper cartoon that captures some of the public sentiment toward the price increases.

with the help of some of the cheapest labour.”

There is, however, no doubt that the government and the agricultural sector faced an increasingly difficult financial situation. Inflation remained above 10% from 1974 onwards and the Rand steadily weakened, making any imported agricultural inputs expensive and increasing the cost of bread production. Farm debt was growing exponentially and rising interest rates made debt payments one of the largest costs of production in agriculture. Figure 9 illustrates the growth and composition of this debt. In 1984, after paying an extremely enlarged bread subsidy for several years, the government ceased the payment of the subsidy on white bread. A percentage of the revenue earned on white bread was then used to subsidise brown bread, although both became progressively more expensive throughout the decade as the subsidy decreased. In 1985 a commission of inquiry into the bread subsidy strongly recommended its removal in the interest of moving toward a more liberalized and ‘de-regulated’ agricultural sector (SA, 1985). In 1989 the bread subsidy had been in place for 50 years and it was finally decided that it should be gradually phased out.

The abandonment of a solicitous bread policy during the 1980s is surprising given the growing social unrest during this period – marked initially by the Soweto Rebellion in 1976 and followed by insurrection in 1984 and mounting discontent leading to successive states of emergency. It is perhaps partly explained by the fact that during the 1980s many working class whites, along with a large proportion of white farmers, abandoned the ‘reformist’ NP and turned to the newly created Conservative Party (O’Meara, 1996). For the NP’s middle class constituency bread was not a major issue. It remained an issue for many blacks who relied on cheap government bread but the “organic crisis” (Saul and Gelb, 1986:76) that faced the apartheid state by the 1980s may have overshadowed this. By the late 1980s the NP recognized that it was unable to maintain or reform apartheid and began making overtures to the ANC to negotiate a transition to democracy. Tough economic conditions, regional instability, internal resistance, and international opposition had exposed intractable

structural faults within the apartheid system and the expensive redistributive bread subsidy was soon abandoned. The curtain was coming down on the *wittebroodstae*.

4 Deregulation in the Post-Apartheid Period

“The recent incident of bread price-fixing has brought to our attention who controls our country’s bread, and the callousness of these people who are driven by greed and avarice, and have now been exposed as siphoning even the last penny from the poor.”

- ANC MP, 2008

“The move to a free-market has been tough for us, it’s harder to survive now, the government gives us no support, you have to be a good marketer and a good farmer. Many farmers are not planting wheat anymore, but if you are big enough you can survive.”

- Western Cape Wheat Farmer, Author Interview, 2012

In 1990 political negotiations began between the NP and the ANC. Economically this was also a time of rapid transformation. The bread subsidy ended in 1991 after being phased out over a three-year period. The government also withdrew the requirement that bakeries and wheat mills had to be registered with the Wheat Board, and removed price controls on all wheaten products. Although the producer price of wheat remained fixed by the Wheat Board for another five years, after 1991 bread could be milled and baked by anyone and sold at the seller’s preferred price. These changes formed part of a much broader trend in the state’s agricultural policy that began in the 1980s. This was a general retreat from the direct state involvement that defined the apartheid period, and a gradual liberalisation of the sector as a whole. The creeping deregulation accelerated in the early 1990s when South Africa was searching for workable economic solutions in a time of political uncertainty and transition to democracy. Internationally the Thatcher/Reagan era had spawned an ideological push toward free trade and less government ‘interference’ in all sectors of the economy – policies which were strongly recommended to third party countries but very selectively applied at home in either the UK or the USA, especially in agriculture. South Africa was quick to embrace this shift and in the wheat to bread

chain the removal of state support happened quickly.²³ Another reason for this was the determination of NP hierarchy to remove as far as possible the decisive levers of economic power from future ANC control. The privatisation of the wheat to bread chain can be seen as an attempt to maintain privilege that could no longer be guaranteed by the state.

Starting in 1991 discussions involving government, business, and organised agriculture took place regarding the country's system of organised marketing.²⁴ The majority view was that it should come to an end; it was incompatible with a free market in agriculture. In 1996, under the ANC, after two years of deliberation a new Marketing Act was passed which did away with all organised marketing and within a year of the Act the Wheat Board (along with every other marketing board) had been dissolved. Almost instantly wheat farmers were competing in an international market with less government support and protection than almost any other industrialised country (Hobson, 2006). Developments in the lead up to this change were an uncanny inverse of what had taken place almost 60 years earlier in the lead up to the 1937 Marketing Act. Many expected that deregulation would create vigorous competition in the spaces opened up by the abolition of official monopolies created under the Wheat Board thereby increasing efficiency and driving down prices. The wheat to bread chain appeared to be a prime example of what needed to change.

The political significance of ending the bread subsidy, and the practice of fixing annual bread prices in 1991, was twofold. Firstly, it changed the nature of bread as a political commodity in South Africa. The separation of the bread price from government intervention meant that the government was no longer directly responsible for any increases in the cost of this staple good. Secondly, it represented a distinct shift away from what had been in many ways a paternalistic state in its support and control of bread. As elsewhere in the agricultural sector the decision had been made

²³Edwards (2006) documents the history of South Africa's move towards a liberal trade regime. Murray and Williams (1994), Bernstein (1994, 1996a), Williams (1996), and Mather and Adelzadeh (1997) discuss the deregulation of South African agriculture in the early 1990s.

²⁴The government commissioned several studies to inquire about the continued viability of organized marketing, such as the Kassier Commission (1992), SA (1992a, 1992b). Recommendations were made to abolish the system of control boards and move to a free market.

to adopt a more *laissez faire* approach. The only enduring government regulation was that brown bread remained exempt from any sales tax; apart from this the government had no say in the final selling price of any bread. A sales tax was levied on white bread but given that the majority of bread consumed at this point was brown the imposition of this tax predominantly impacted on white and coloured consumers who had a preference for the white loaf. However, this tax was to become a fairly substantial source of revenue for the new government over the next two decades.

Justification for the bread subsidy's expiry was based upon three main arguments. The first was that the subsidy had become too great a fiscal burden on the state. In the face of many competing demands on the fiscus it had lost political support and was terminated. The second drew on the broader liberalising reforms taking place in the agricultural economy and argued that artificially setting the price of any final good was economically unsound in theory and unsustainable in practice and should be avoided. The final argument claimed that the bread subsidy was mainly benefitting those who were already financially well off and was an inefficient way of caring for the poor (SA, 1992c). In place of the subsidy the NP tried to propose alternative strategies that would ensure food security with more direct efficacy. Nothing came of these proposals.

By 1990 the vast majority of South Africa's bread consumers were black, the bulk of whom were by no means well off, however, for the NP the bread subsidy had never been an economically motivated policy nor was it ever explicitly aimed at protecting the poor. It was from the start a policy that allowed the government to represent itself as providing for the (white) working class consumer while at the same time supporting (white) commercial wheat farmers by keeping the cost of the final product low and thus boosting demand. This was successfully achieved for approximately three decades but by the late 1980s the NP's priorities had fundamentally shifted, as had its political constituency, and the composition of people consuming most of the country's bread. The subsidy and the fixed bread price had come to primarily benefit the country's black population. After 1991 the NP was criticised for their failure to

provide for the poor. A PP MP protested that, “Instead of assisting our people who are caught in a vicious cycle of poverty, things are made even more difficult for the poor in this country by the removal of the subsidy, and there have been no efforts to remedy this (SA, 1991:10358)”. Bread consumption dipped in the early 1990s, most likely as a result of the rise in prices, and although overall consumption continued on an upward trend as the population grew, per capita bread consumption remained constant for the next decade. The *wittebroodsdae* had ended.

Increasing bread prices, now delinked from direct government control, soon became a source of antagonism directed at those in the wheat to bread chain instead of the government. In particular wheat farmers were alleged to have benefitted from the last few years of high bread prices, and in general there was a feeling that white farmers had made unfair gains as a result of the NP’s historically favourable stance toward them. This sentiment prompted the press and some members in the House of Assembly to use the old adage that “one cannot trust a Boer” in relation to the high bread prices (1991:2768). As it turns out farmers had not been the ones gaining and Table 4 illustrates this. The cost of white and brown bread had increased drastically between 1985 and 1995 but the wheat prices paid to farmers had only increased by 56% over this period. In fact a surplus of wheat produced in the late 1980s resulted in the Wheat Board forcing farmers to accept prices that were significantly below the average import price (Chapter 2). In an attempt to defend farmers against these charges a member of the Wheat Board argued that, “It is time for the accusing finger to be pointed in the right place. Somewhere in the chain from the farm gate to the supermarket shelf someone is making money, but it is definitely not the farmer, [who] is involved in a continuous struggle with nature (SA, 1991:10358).” Many farmers also faced terrible indebtedness from the 1980s onwards as total agricultural debt grew from R3.5 billion in 1980 to R16 billion in 1990 (Figure 9).

Just as the Marketing Act in 1937 changed the environment for the actors in the wheat to bread chain so things changed again, at first gradually in the years that preceded the Wheat Board’s dissolution in 1991 but then more rapidly afterwards.

Wheat farmers, in their ‘struggle with nature’ and debt, could no longer rely on state support or fixed prices, and economies of scale became increasingly important for survival. The second opening quote reflects the views of a large wheat farmer from the *Swartland* when asked by the author about the effect that the removal of the Wheat Board had on his activities. His reply is indicative of the general opinion. In other interviews, conducted by the author, with former members of the Wheat Board the consensus was that a move to the “free-market” in the wheat to bread chain was “inevitable”, despite the difficulties involved in this transition. Williams (1996) explores some of the changes wrought by the amendments to South Africa’s agricultural marketing legislation, the withdrawal of direct state subsidies, and the replacement of quantitative restrictions on food imports with tariffs in line with the GATT.²⁵ He notes that as a result of these adjustments during most years in the early 1990s US farmers were able to deliver wheat to Cape Town at prices below the production costs of the same crop in South Africa (Williams, 1996). This is not necessarily to point out that US wheat farmers were more efficient but rather that the difference in state subsidies and import protection had this result. The productivity of South African wheat farmers increased considerably in the 1990s, as Vink and Kirsten (2000) show, but particularly striking is the rapid decline in the area planted to wheat after 1996 and the rapid rise in imports (Figure 10). In 2007 farmers planted 632 000 hectares of wheat, down from 1 550 000 hectares in 1991, and over half of the wheat consumed for that year was imported.

The next link in the wheat to bread chain, wheat co-operatives, had for decades been the sole agents of the Wheat Board and stored virtually all of South Africa’s wheat prior to 1996. Bernstein (1996a, 1996b) notes the central role that these organisations played in the maize commodity chain during the liberalisation period and the case of wheat co-operatives is similar. They had in the past been owned by, and accountable to, their farmer members but were run by appointed officials.

²⁵General Agreement on Trade and Tariffs. South Africa became a signatory of the Marrakech agreement of GATT in 1993, and of the World Trade Organisation’s Uruguay round in 1994. Agriculture was one of the sectors “hardest hit” by the resulting tariff cuts (Marais, 2011: 92).

In most cases the co-operatives used the opportunity opened up by deregulation to transform themselves into private companies and thus take advantage of the historical benefits they had enjoyed during apartheid. For example, the state's silo-building scheme came to an end in 1990 and the co-operatives retained ownership of the grain silos built under the scheme. The bigger co-operatives went on to overhaul themselves into large-scale agribusinesses that extended upstream of wheat farming (seed supply, fertilizer production, machinery and equipment production and supply) and downstream (milling, baking, distribution, marketing, and retail). By 2000 there were 16,9 million tons of bulk grain storage capacity in South Africa of which 85% was owned by former co-operatives (NAMC, 2006). The Co-operatives Amendment Act of 1993 also allowed them to buy land. Having previously been the main channel of Land Bank credit to wheat farmers the Act allowed them to take control of land that economically pressured and indebted farmers were forced to sell.

Milling companies, which grew progressively more powerful throughout the Wheat Board's term, also took the opportunity of deregulation to consolidate their position. While the removal of restrictive registration in 1991 did allow for new entrants into the wheat milling industry this had minimal impact during the 1990s.²⁶ In 1999 90 new mills had been established (NAMC, 1999). However, 33 of the larger mills still produced 97% of South Africa's wheat flour (Cock, 2009). Beyond their milling activities the large millers had also been firmly extending their control forwards into the baking industry during the 1970s and 1980s, and by the time restrictive registration ended the few groups selling the bulk of South Africa's wheat flour were also the ones baking most of the bread.²⁷ Unlike in milling thousands of small bakeries began to spring up after 1991 but over 80% of bread production remained in the hands of six groups (NAMC, 1999). By 2000 four groups, namely, Pioneer Foods, Tiger Brands, Premier Foods and Foodcorp were milling 80% of the country's wheat and producing over 65% of its bread (Cock, 2009).

²⁶Unlike maize, wheat milling is a much more specialised activity with considerable barriers to entry due to the skills and knowledge required as well as the big capital outlay necessary.

²⁷The rise of large retailers also became a feature of post-apartheid food chains but this is beyond the scope of the paper and discussed in NAMC (1999, 2006), Cock (2009), and Vink (2012).

Tiger Brands and Premier Food, originally milling companies, gradually became food giants during the 1970s and 1980s and expanded rapidly in the 1990s buying up dozens of subsidiary businesses involved in (among many other activities) milling, baking, and distribution. Both companies listed on the Johannesburg Stock Exchange (JSE). However, the story of Pioneer Foods, which was created out of a merger between two former farmer co-operatives (Sasko and Bokomo) in 1997, is one that delineates the process of concentration particularly well. Pioneer traces its origins as far back as 1912 when the farmer co-operative Wesgraan was created. As outlined in chapter 1 Bokomo and Sasko were formed as a result of the early co-operative movement, in 1920 and 1930 respectively. In 1942 Sasko shareholders acquired a 27% 'share' in Bokomo and after various dealings with one another the Minister of Agriculture established a committee to look at closer coordination between the two co-operatives in 1961 (Pioneer, 2012). Both organisations agreed that better co-operation was possible. After several attempts to achieve greater levels of collaboration the Sasko-Bokomo Central Co-operative was registered in October of 1973 (*Ibid.*). This was a limited liability company that served as a link between the agricultural members of Sasko and Bokomo. Sasko was primarily involved in milling and baking operations throughout the country while Bokomo specialized in the production and distribution of cereals and animal feed based mainly in the Cape.

The changes in the regulatory environment after 1991 and 1996 created the opportunity for Sasko and Bokomo to become private companies that set their own prices and margins in order to earn maximum profit. By 1996 both had converted into companies and soon the two merged to form Pioneer Foods. According to Pioneer's company history they believed that, "Amalgamation [...] would provide maximum benefits for both companies with a national footprint of mills and bakeries" (*Ibid.*). In May 1997, the merger was announced and thus Pioneer presided over an extensive production, distribution, marketing, and retail enterprise. The initial Board of Directors was made up almost entirely of white Afrikaans males and the elected Chairman of Pioneer was himself a successful wheat farmer from the *Swartland* (the heart of

organized wheat farming) who had been farming since the 1970s. In 2008, with over R14 billion of annual revenue, the company listed on the JSE (Pioneer, 2008).

In contrast to the more gradual drift towards a vertically-integrated and monopolized wheat to bread chain in previous decades deregulation in the 1990s led to much more rapid change. Previously the state had encouraged rationalisation of the chain in the interests of national welfare (with a clear focus on particular class interests) – closing the gap between a more efficient production chain and the consumer. However, the state also tried to ensure (through its system of controlled marketing) that the margins along the chain, as well as the final price of bread, were kept stable and ‘fair’. When this strict state regulation disappeared control was transferred from the state to an unchecked agribusiness. Numerous reports have tried to analyse the effects of deregulation on the wheat to bread chain by calculating the changing margins earned by farmers, silo-owners, millers, bakers, distributors, and retailers in the sale of bread, particularly as concern over the rising bread price grew. These studies show, for example, that the miller’s share in the final price of bread decreased over time, while bakers’ and retailers’ shares grew (NAMC, 1999, GrainSA, 2004). However, what these analyses neglect to point out is that in most cases milling, baking, distribution, and retail were all undertaken by the same co-operatives-turned-companies. Thus it makes little difference how the margins are distributed between these different sectors – although this does matter for potential entrants. The key point is that deregulation has been particularly hard on smaller commercial farmers and working-class consumers at their respective ends of the wheat to bread chain.

After 1991 the price of brown and white bread increased rapidly (Table 5). By 2000 South African consumers spent more money on bread than on any other staple good, although maize remained the largest source of nutrition (NAMC, 2006). The rising price of bread created widespread concern in the media and among certain government agencies, and suspicion of cartel conduct was aroused. Early in the process of deregulation the Kasser Commission (1992), though in favour of a free market, had warned that deregulation in the bread industry could create “monopoly

positions for certain individuals and organisations without the necessary statutory controls” (1992:24). An ANC policy document also noted this risk and wanted to ensure that, “the hidden monopolies and controls that exist in agriculture by virtue of the control linkages between agricultural credit, marketing, commercial co-operatives, the Land Bank [...] be broken up” (1992:33/4). Nonetheless the approach adopted by the ANC ensured that after 1996 neither the government nor the Wheat Board oversaw the functioning of the wheat to bread chain. It soon fell to a newly formed Competition Commission to try and ensure that monopoly power was not used to exploit consumers. The Commission, created out of The Competition Act (No 89 of 1998), was given a mandate to investigate the “abuse of dominant positions and mergers” in order to “achieve equity and efficiency in the South African economy” (Competition Commission, 2012).

Between 2007 and 2010 all four of South Africa’s major wheat milling and bread producing companies (Pioneer, Tiger, Premier, and Foodcorp) were investigated and found guilty of collusive practices in the fixing of prices for flour and bread. The Competition Commission called these illegal practices “an insult to the nation, particularly the poor” (Competition Commission, 2008), and the actions of these four companies provide the title for Lewis’s (2012) history of the Competition Commission ‘Thieves at the Table’. The Commission’s report on these activities is itself an interesting revelation. For example, the meetings between company representatives, which were held to consult on price fixing strategies, often took place in the hall of a *Nederduits Gereformeerde Kerk* (NGK, Dutch Reformed Church), still a strong symbol of Afrikaner dominance and apartheid. The attendees of these meetings referred to them as *kerkvergaderings* (church meetings), and meetings in Viljoenskroon in the Free State were often preceded by a prayer (Motsoeneng, 2010). The companies were found to have been colluding in increasing the price of a single loaf by R0,40 and were fined according to their culpability in the affair, as well as their willingness to cooperate with the inquiry (*Ibid.*). Pioneer Foods was fined over R1 billion which was the largest penalty to be imposed on a single company in the Commission’s history

(Competition Commission, 2012). In 2010 Pioneer was fined another R500 million for anti-competitive behaviour in the milling industry and the Commission also resolved a case involving the fixing of storage tariffs in the grain storage industry (*Ibid.*).

This affair sparked a parliamentary debate beginning in 2008 during which various speakers called not only for the removal of Value Added Tax (VAT) on white bread but also for the reinstatement of government regulation in the bread industry in order to protect the poor. An ANC MP rightly noted that bread was “of vital importance to the wellbeing of millions of needy consumers (SA, 2008:7)”. The Black Sash (originally an anti-apartheid women’s group founded in 1955, which became a civil rights support organisation) along with other applicants²⁸ filed a class action lawsuit against the companies involved in the price fixing scandal with the aim of defending the “millions of consumers who suffered under the high prices” (Black Sash, 2012).

In 2008 South Africa imported over half of the wheat it consumed and the Minister of Agriculture recommended that the country “go back to ensuring that wheat production is increased, to ensure food security as well as stabilizing the price of wheat and food in the long run” (SA, 2008:10). Labour unions argued that the bread price was an issue of national concern given that in 2007 South Africans consumed almost 3 billion loaves of bread, roughly 60 loaves per person per year, nearly three slices of bread per day (SA, 2012). A final point of contention noted in the press and debated in parliament was that over the course of the 1990s and 2000s the government’s share in the price of white bread, through VAT, had risen considerably as the price of bread itself rose. It amounted to R1,29 billion in 2008, and this figure excluded the VAT earned at various stages along the wheat to bread chain, from the farmer to the miller to the baker, which applied to white and brown bread (Cock, 2009).

In some fairly striking ways the situation in the wheat to bread chain a decade after deregulation was similar to the state of affairs in the 1920s and early 1930s. Wheat farmers received little protection from international imports, which made up

²⁸Including COSATU, South Africa’s largest trade union, and the National Consumer Forum.

a substantial portion of the country's consumption, and no direct state support. Agricultural organisations, including *Grain South Africa*, made recommendations in favour of increased assistance, citing the fact that most wheat farmers around the world received significant state subsidies (SA, 2008). As in the 1920s there were calls for greater coordination and the Minister of Agriculture emphasised the need to strengthen co-operatives along the wheat to bread chain to encourage local production and mitigate the impact of international market fluctuations. Groups inside and outside parliament called for the government to reintroduce control over the baking industry based on complaints that the quality of bread had fallen and no regulatory body oversaw this. Finally there were arguments that the price of bread should be managed in order to minimise the impact of global shocks on South Africa's poor.

One of the defining features of the post-apartheid restructuring that took place in the wheat to bread chain was the removal of state support and regulation in the pursuit of a supposedly more competitive, efficient and ultimately equitable economic outcome. In light of these aims, this approach appears to have safeguarded the interests of elites in the wheat to bread chain and allowed for very little genuine competition or redistribution. As Bernstein (1996a) notes, deregulation was based on standard economic thinking, which viewed 'regulation' as something inherently anti-competitive and inefficient. The obvious policy prescription was therefore 'deregulation'. However, in this case the prescription failed to acknowledge the powerful historical forces that had shaped the wheat to bread chain over time and instead of encouraging competition deregulation simply transferred market control from the state to a few powerful co-operatives, some based in the milling industry, who had entrenched their control under the supervision of the Wheat Board. The losers in this situation were small wheat farmers and millions of working-class consumers. A further possible irony that deregulation exposes is how for over 40 years the apartheid government spent large amounts of money, and a considerable amount of administrative effort, to provide a cheap staple food in the form of bread to a (mostly black)

working class, while in the post-apartheid period the government was in fact earning substantial tax revenue from white bread and a small sum from brown bread.

5 Conclusion

“How did these cereals pass, from the crops growing in the field, to the laborer’s homes? At first sight it appears simple. There is the corn: it is harvested, threshed, taken to market, ground at the mill, baked and eaten. But at every point within this process there are radiating complexities, opportunities for extortion. . .”

- EP Thompson, *The Moral Economy of the English Crowd in the 18th century*

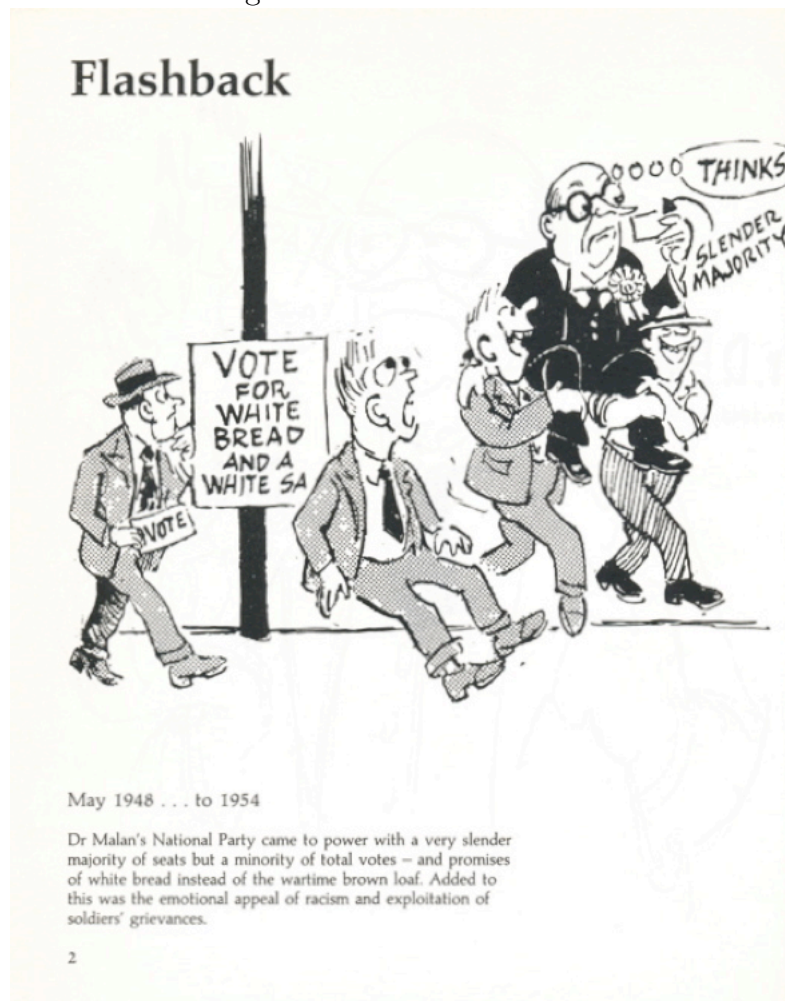
In addressing the first of its two main concerns this paper has described the evolution, and increasing concentration, which took place in the wheat to bread chain during a period of extensive state regulation in South Africa. The Wheat Board presided over the entire chain and this control facilitated the growth of monopoly power in the interests of white elites, with the *Broederbond* becoming a powerful influence on the Wheat Board and large milling and baking concerns emerging. The rapid deregulation that began at the end of apartheid was embraced by the ANC after 1994 but instead of creating opportunities for competition in the wheat to bread chain it created ‘opportunities for extortion’ by entrenched monopolies, and the story of the bread cartel exposes this. The ANC chose not to intervene directly in the wheat to bread chain and benefitted from substantial tax revenues on white bread in the post-apartheid period. In charting the story of this particular commodity chain the paper contributes to the literature on agricultural development in South Africa and links this to the changing regulatory structures over time.

The second major subject taken up was bread as an economic and political commodity, and in particular the bread subsidy and the state’s control over the price of bread were investigated. Bread was severely rationed during the 1940s and the paper argued that this was a fairly important consideration in the run up to the 1948 elections that has been neglected in the literature, especially in light of poor whiteism during the inter-war period. The NP’s promise of white bread and their

apparent concern for the working class consumer capitalized on post-war discontent. The bread subsidy was shown to be financially significant throughout apartheid and together with price controls this facilitated a major redistributive transfer to blacks, who began to eat bread in increasing numbers after 1950. Further than this the episode of bread fortification in the 1950s provides an example of an NP nutrition policy that attempted to provide for both white and black South Africans. The declining bread subsidy and a rapidly rising bread price during a period of immense social unrest in the 1980s is somewhat incongruous but may be explained by the larger crisis facing the NP. Overall the major beneficiaries of the NP's bread policy were black South Africans and they were thus hardest hit by the rising prices after 1991 when the bread subsidy and price controls ended.

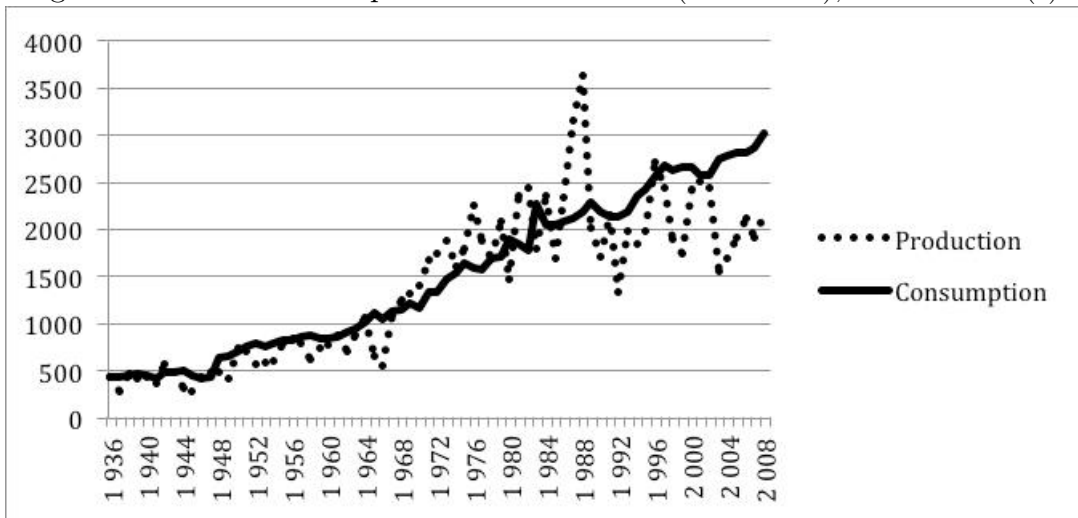
6 Appendices

Figure 1: Political Cartoon



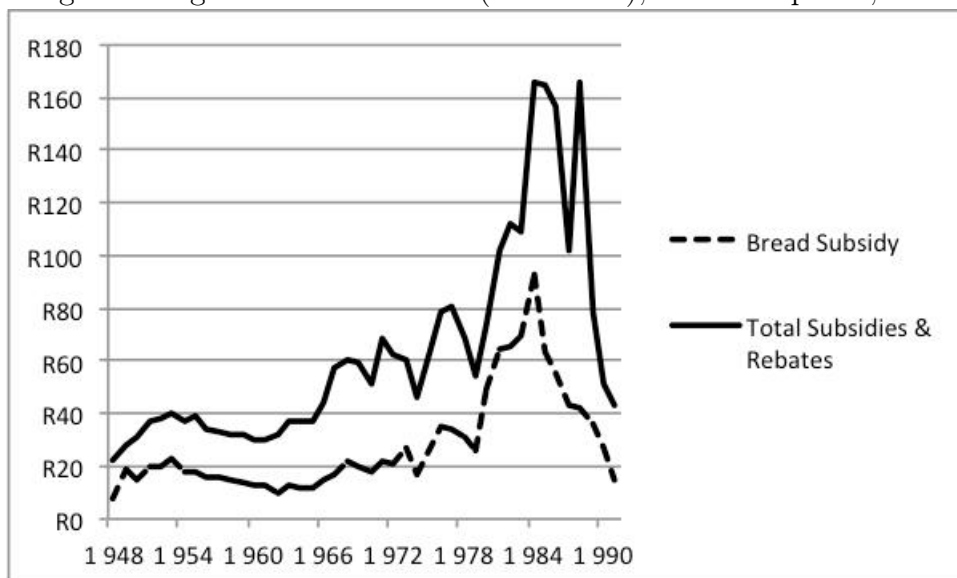
Source: Berry (1990)

Figure 2: Wheat Consumption and Production (1936-2008), in '000 tons (t)



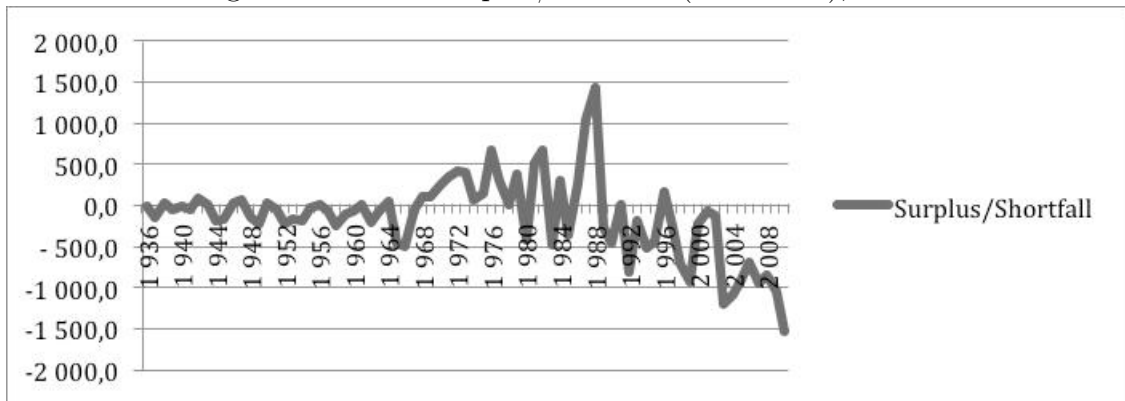
Source: Abstract of Agricultural Statistics (1958), SAGIS (2012)

Figure 3: Agricultural Subsidies (1948-1991), real 1960 prices, Rm



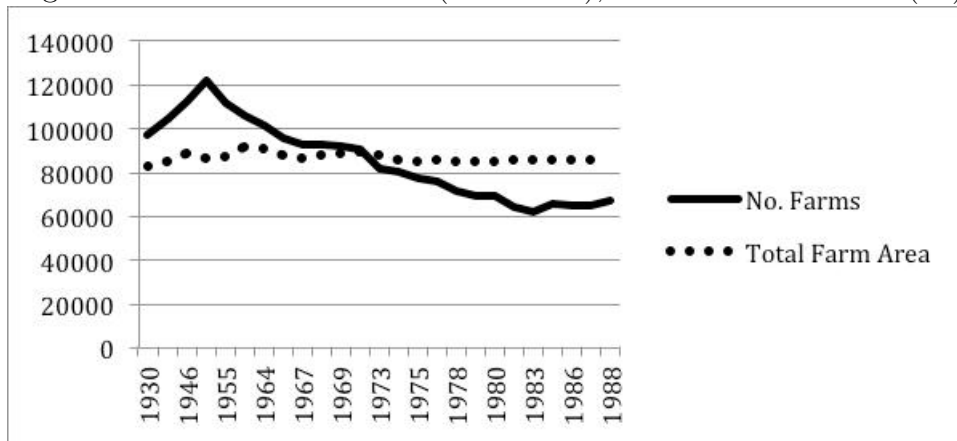
Source: Abstract of Agricultural Statistics (1958, 1975), Wheat Board Annual Reports (1948-1990)

Figure 4: Wheat Surplus/Shortfall (1936-2008), in '000t



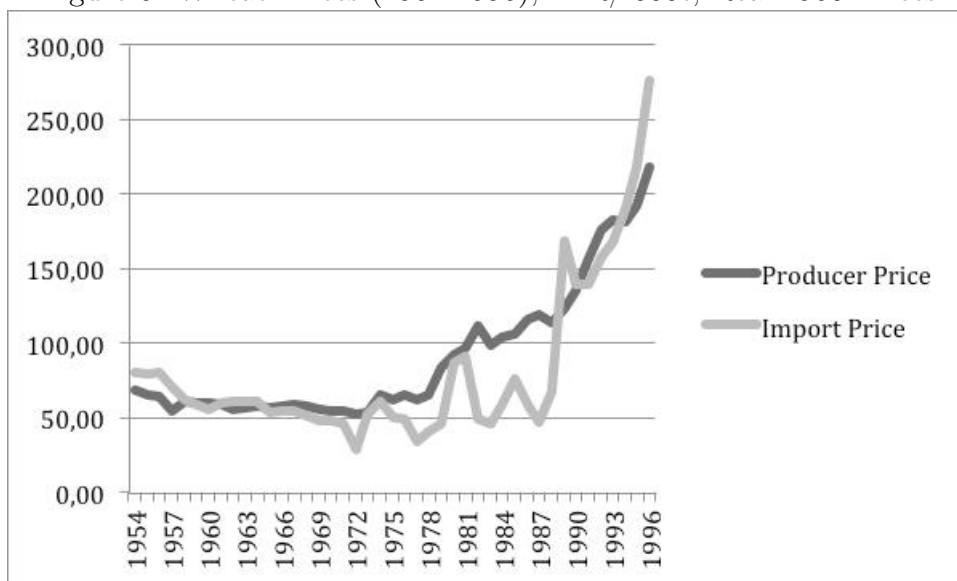
Source: SAGIS (2012), Own Calculations

Figure 5: Farms & Farm Area (1936-1990), area in '000 hectares (ha)



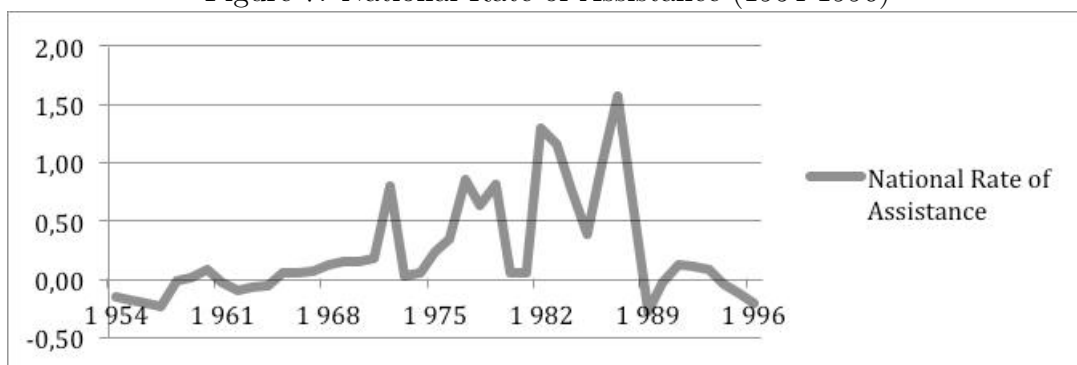
Source: Agricultural Census (SA, 1992d)

Figure 6: Wheat Prices (1954-1996), in R/'000t, Real 1960 Prices



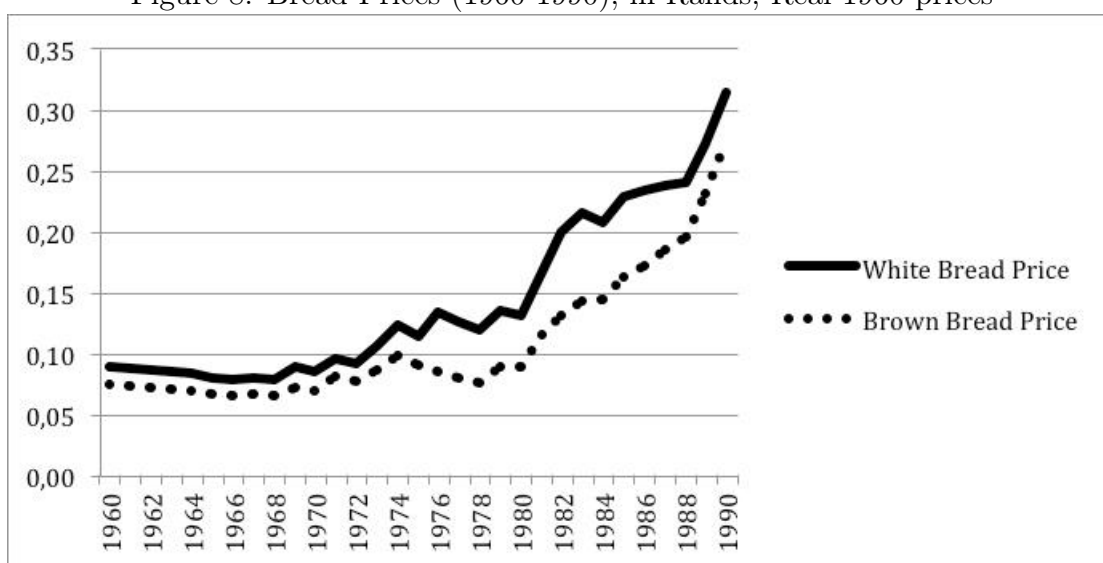
Source:Wheat Board Annual Reports (1954-1990), Agricultural Census (SA, 1998)

Figure 7: National Rate of Assistance (1954-1996)



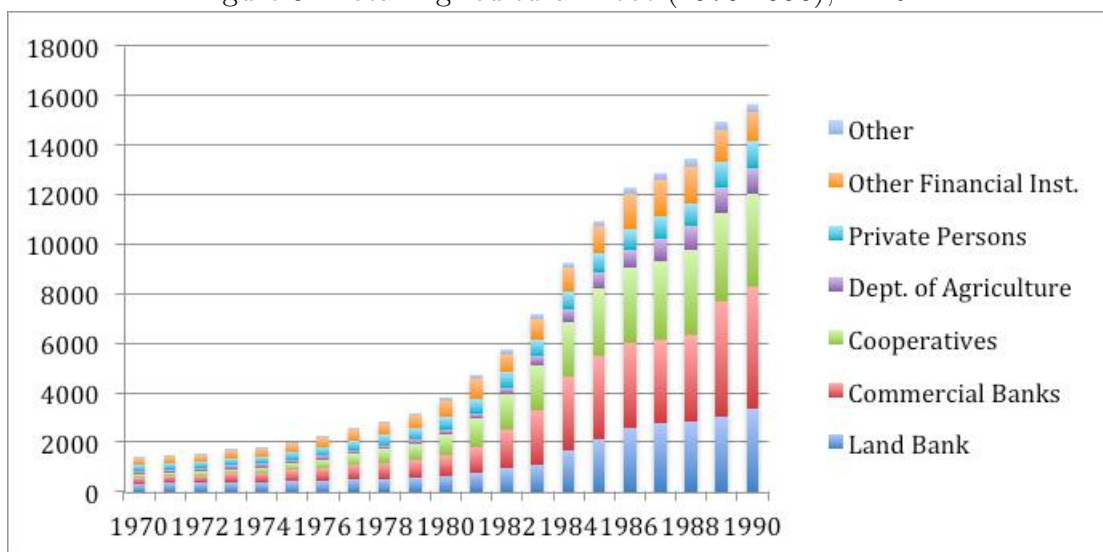
Source: Own Calculations

Figure 8: Bread Prices (1960-1990), in Rands, Real 1960 prices



Source: Wheat Board Annual Reports (1960-1990)

Figure 9: Total Agricultural Debt (1970-1990), in Rm



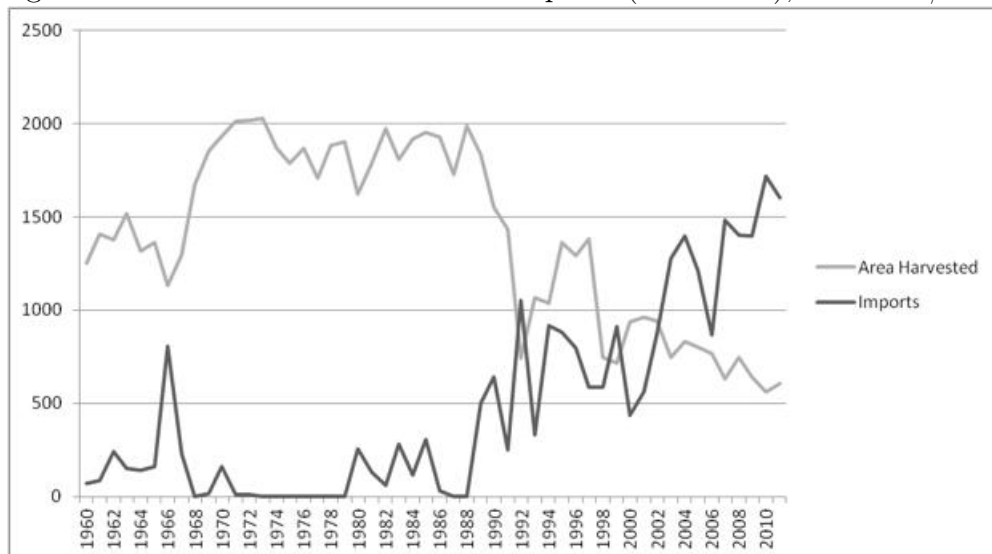
Source: Agricultural Census (SA, 1998)

Figure 10: Newspaper Cartoon



Source: Rand Daily Mail (1980)

Figure 11: Area Harvested & Wheat Imports (1960-2011), in '000ha/'000t



Source: SAGIS (2012), Abstract of Agricultural Statistics (2012)

Table 1: Wheat Prices (1940-1948), Real 1960 prices

Year	Producer Price	Selling Price	Import Price
<i>Prices in S, d per 200lb bag</i>			
1 940	122,3	107,9	139,8
1 941	123,5	91,8	125,7
1 942	112,3	89,9	111,6
1 943	102,5	76,9	85,2
1 944	87,6	68,6	100,7
1 945	84,3	63,4	102,7
1 946	85,8	59,0	108,4
1 947	84,0	57,6	144,2
1 948	81,4	56,8	106,2

Source: Abstract of Agricultural Statistics (1958)

Table 2: Estimated Taxes by Racial Group (%)

	1949/50	1959/60	1969/70	1975/6
White	81,1	79,9	78,8	76,9
Coloured	5,4	5,3	5,1	4,3
Asian	2,1	2,0	2,0	2,6
African	11,4	12,8	14,1	16,2
Total	100	100	100	100

Source: McGrath (1979)

Table 3: Per Capita Bread Consumption

	1948	1981
White Bread	20,8kg	13,6kg
Brown Bread	0,1kg	33,4kg
Total	20,9kg	47,0kg

Source: Wheat Board (1949), SA (1985)

Table 4: Wheat and Bread Prices Changes, Real 1960 prices

Year	Wheat Price	Brown Bread	White Bread
1985	R123,11	R0,16	R0,23
1995	R191,69	R0,56	R0,64
% Change	56%	250%	178%

Source: Wheat Board Annual Reports (1985-1990), StatsSA (1996)

Table 5: Percentage change in real bread prices (1990-2008)

Interval	White Bread	Brown Bread
1990-1995	105%	104%
1995-2000	15%	16%
2000-2005	35%	43%
2005-2008	40%	44%

Source: StatsSA (2009)

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